

**REPORT OF THE AUDIT OF THE  
CLARK COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2001**



**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**  
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**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**CLARK COUNTY SHERIFF**

**For The Year Ended**  
**December 31, 2001**

The Auditor of Public Accounts has completed the Clark County Sheriff's audit for the year ended December 31, 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

Excess fees increased by \$33,388 from the prior calendar year, resulting in excess fees of \$110,565 as of December 31, 2001. Revenues increased by \$193,896 from the prior year and disbursements increased by \$155,991.

**Debt Obligations:**

The Office of the County Sheriff is committed to a lease agreement with Kyocera Mita America, Inc. for a Km-3530 Digital copier. The agreement requires a monthly payment of \$218 for 48 months to be completed in November 2005. The total balance of the agreement is \$10,028 as of December 31, 2001.

**Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.



## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES .....	3
NOTES TO FINANCIAL STATEMENT .....	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	11





**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Drew Graham, Clark County Judge/Executive  
Honorable Gary O. Lawson, Clark County Sheriff  
Members of the Clark County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Clark County, Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Gordon C. Duke, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Drew Graham, County Judge/Executive  
Honorable Gary O. Lawson, Clark County Sheriff  
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In accordance with Government Auditing Standards, we have also issued a report dated November 19, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
November 19, 2002



CLARK COUNTY  
GARY O. LAWSON, COUNTY SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Year Ended December 31, 2001

Receipts

State Grants		\$	35,555
State Fees For Services:			
Finance and Administration Cabinet	\$	69,230	
Cabinet For Human Resources		<u>2,480</u>	71,710
Circuit Court Clerk:			
Sheriff Security Service	\$	18,102	
Fines and Fees Collected		<u>4,668</u>	22,770
Fiscal Court			128,281
County Clerk - Delinquent Taxes			3,150
Commission On Taxes Collected			403,119
Fees Collected For Services:			
Auto Inspections	\$	12,845	
Accident and Police Reports		198	
Serving Papers		<u>28,174</u>	41,217
Other:			
Carry Concealed Deadly Weapon Permits	\$	11,835	
Insurance Proceeds		8,239	
Transporting Prisoners		3,579	
Fiscal Court Filing Fees		14,300	
School Resource Officer		13,620	
Miscellaneous		<u>612</u>	52,185
Interest Earned			4,961
Borrowed Money:			
State Advancement	\$	120,000	
Bank Note		<u>40,050</u>	<u>160,050</u>
Total Receipts			\$ 922,998

The accompanying notes are an integral part of the financial statement.

CLARK COUNTY  
 GARY O. LAWSON, COUNTY SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 For The Year Ended December 31, 2001  
 (Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-			
Deputies' Salaries	\$	405,553	
Other Salaries		500	\$ 406,053
Employee Benefits-			
Employer's Share Social Security	\$	33,661	
Employer's Share Retirement		5,037	38,698
Contracted Services-			
Advertising	\$	375	
Vehicle Maintenance and Repairs		12,247	12,622
Materials and Supplies-			
Office Materials and Supplies	\$	6,122	
Uniforms		3,674	
Law Enforcement Supplies		17,309	27,105
Auto Expense-			
Gasoline			21,161
Other Charges-			
Conventions and Travel	\$	2,439	
Dues		1,141	
Postage		6,782	
Insurance		10,410	
Bond		127	
Miscellaneous		676	
School Resource Officer		463	
Transporting Prisoners		1,062	
Training		614	
Fiscal Court Filing Fees		14,300	
Carrying Concealed Deadly Weapon Permits		7,830	45,844
Capital Outlay-			
Vehicles			21,164
Debt Service:			
State Advancement	\$	120,000	
Notes		40,050	
Interest		1,145	
Cruiser Lease		5,608	166,803
Total Disbursements			<u>\$ 739,450</u>

The accompanying notes are an integral part of the financial statement.

CLARK COUNTY  
GARY O. LAWSON, COUNTY SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
For The Year Ended December 31, 2001  
(Continued)

Net Receipts		\$	183,548
Less: Statutory Maximum	\$	70,064	
Training Incentive		<u>2,919</u>	<u>72,983</u>
Excess Fees Due County for 2001		\$	110,565
Payments to County Treasurer - March 26, 2002			<u>110,565</u>
Balance Due at Completion of Audit		<u>\$</u>	<u>0</u>

The accompanying notes are an integral part of the financial statement.

CLARK COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months of the year and 6.41 percent for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.78 percent for the first six months and 16.28 percent for the last six months of the calendar year.

CLARK COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2001  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Lease

The Office of the County Sheriff is committed to a lease agreement with Kyocera Mita America, Inc. for a Km-3530 Digital copier. The agreement requires a monthly payment of \$218 for 48 months to be completed in November 2005. The total balance of the agreement is \$10,028 as of December 31, 2001.

Note 5. Special Accounts

- A. The Clark County Sheriff's Special Investigation account had a beginning balance of \$2,052 on January 1, 2001. During 2001, \$7,134 was received into the account and \$1,500 was expended. The ending balance on December 31, 2001, was \$7,686.
- B. The Clark County Sheriff's DARE account had a beginning balance of \$19,611 on January 1, 2001. During 2001, \$1,450 was received into the DARE account and \$1,802 was expended. The ending balance on December 31, 2001, was \$19,259.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







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**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of receipts, disbursements, and excess fees of the Clark County Sheriff for the year ended December 31, 2001, and have issued our report thereon dated November 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Clark County Sheriff's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clark County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
November 19, 2002

